

BILL ANALYSIS

Senate Research Center
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S.B. 1293
By: West
Transportation
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1293 will create a disadvantaged business assistance revolving loan program to be operated by the Texas Department of Transportation (TxDOT). Disadvantaged businesses face a lack of access to credit, which limits their ability to grow, places larger projects out of reach, and limits their opportunity to demonstrate to traditional lenders and sureties their ability to perform. The aim of this bill is to increase access to capital and put larger TxDOT projects within reach for disadvantaged businesses.

As proposed, S.B. 1293 amends current law relating to creating a disadvantaged business assistance program to be operated by the Texas Department of Transportation.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 (Section 201.7025, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter I, Chapter 201, Transportation Code, by adding Section 201.7025, as follows:

Sec. 201.7025. DISADVANTAGED BUSINESS ASSISTANCE PROGRAM. (a) Authorizes the Texas Transportation Commission (commission) by rule to establish a program for assisting businesses that are identified as disadvantaged businesses under the program established under Section 201.702 (Disadvantaged Business Program).

(b) Authorizes the Texas Department of Transportation (TxDOT) to establish, as an account in the state highway fund, a revolving fund to provide financing to foster and stimulate the development of the businesses. Authorizes the revolving fund to be composed of financing application fees, loan repayments, guarantee fees, dividend income, donations, contributions, or money appropriated by the legislature for purposes for which the fund is authorized to be used, amounts received by the state from federal grants or other sources, and any other amounts received under this section and required by TxDOT to be deposited in the revolving fund. Requires that interest earned on the money in the revolving fund be credited to the revolving fund.

(c) Authorizes money in the revolving fund established under this section to be used only to provide financing, including loans, to foster and stimulate the development of businesses that are identified as disadvantaged businesses under the program established under Section 201.702 and for the purposes of that program, particularly to help remove barriers to the participation of disadvantaged businesses in TxDOT contracts and to assist the development of those businesses so that they can compete successfully in the marketplace without program assistance.

(d) Requires that financing from the revolving fund established under this section to be on terms and conditions that TxDOT determines to be reasonable,

appropriate, and consistent with the purposes and objectives of this section and the disadvantaged business program established under Section 201.702.

(e) Requires the commission to adopt rules governing the terms and conditions of the financing, specifically including requirements for appropriate security or collateral, equity interest, and the rights and remedies of TxDOT in the event of a default on a loan. Requires that the rules include a requirement that applicants report to TxDOT on the use of money distributed from the fund.

(f) Provides that a claim of the state for a payment owed to the state under this section by a person who has been provided financing under this section has priority over all other claims against the person.

SECTION 2. Effective date: upon passage or September 1, 2013.